



RETOOLING IN A CHALLENGING ECONOMY

**2009 ANNUAL REPORT
CITY OF MANSFIELD, TX**



FROM THE CITY MANAGER

City Focuses on Conservative Financial Approach, Building Local Industry



As the Chief Executive Officer of the City of Mansfield, I am once again able to report to our citizens on the positive financial performance and continued success of our city. The new economy has many cities facing challenging times and Mansfield is no exception. Yet we have balanced our budget, maintained city services and not increased the tax rate for our citizens.

During the tremendous growth over the last 10 years, we have maintained a conservative financial approach that has provided us with stability in the face of this economic downturn. We were strategic in our efforts, planning not only for the growth but for the slowing of growth.

We worked aggressively to diversify our local economy, realizing that the impact of the residential development decline could be softened by maintaining growth in commercial and industrial development. We expanded retail opportunities, built attractions in the new family entertainment corridor and developed the city's first medical corridor that brought a major medical center and other medical related businesses to our city. In 2009, Mansfield saw specific growth in the following areas:

- The assessed value of commercial, industrial and residential property in the city grew 3.1 percent in 2009 or \$313 million, for a total value of \$4.3 billion. New construction accounted for 52 percent of that growth.
- Growth of retail and commercial development in Mansfield resulted in a 9.2 percent increase in sales tax revenue in 2009, as new restaurants and shopping conveniences continued to be drawn to Mansfield's appealing demographics.
- Methodist Mansfield Medical Center began construction on its \$37 million expansion project just three years after opening its doors. Its success in Mansfield spurred continued development in the city's medical district as property around the hospital drew additional development of medical-related businesses and retail.
- City infrastructure expansion and improvements in 2009 focused primarily on several major thoroughfares and expansion of the city's water treatment plant. In community services, both the parks and recreation department and the library addressed future needs as they revised their master plans and considered possible expansion of facilities.

We continue to see the benefits of the diversified economic base built over the last decade, and we are confident those efforts will sustain our city as we face these current economic challenges.

Our city council members, volunteers and a talented group of managers and city employees continue to work to make a difference in our community. And our efforts were rewarded in 2009 as Money Magazine once again named our city one of the "Best Places to Live in America," ranking us 24th in the nation. On the state level, the Mansfield parks system was named the Gold Medal winner by the Texas Recreation and Parks Society as the best parks system in the state.

These successes are due to efforts on both the government and staff level over the last decade that has seen our city almost double in size and attract development from all across the country. We have succeeded in making our city strong financially and among the highest in quality of life.

Our dedication and hard work remain, even during the challenging times we are facing. If anything we have rededicated ourselves to this community and to ensuring its continued success. We will remain focused on making good business decisions that provide the highest quality service to the citizens of Mansfield for the best value.

Sincerely,

Clayton Chandler
City Manager

STRONG LEADERSHIP

The spirit of volunteerism has been a hallmark of the City of Mansfield from its earliest days as a frontier trading post and rural farm town. Known as a place where entrepreneurship thrived and community ties were strong, residents worked together to



bring their vision of Mansfield to life and that spirit lives on today.

In keeping with that legacy, the Mansfield City Council provided direction to city staff in 2009 on growth, particularly in areas of commercial and industrial development, gas well drilling and local and regional transportation issues. Mansfield's role as a leader in regional issues such as transportation and



Development Corporation, the Mansfield Park Facilities Development Corporation, the Zoning Board of Adjustment and the Library Advisory Board. In 2009, the Mansfield Park Facilities Development Corporation and the Library Advisory Board each played a significant role in recommending changes to their respective master plans, providing city council with critical information on future needs in those service areas.

water conservation was solidified as city council members served on boards with representatives from communities across North Texas.

The work of elected leaders was supported by representatives on the city's boards and commission. Council members appoint board members to several specific advisory boards including Planning and Zoning Commission, the Mansfield Economic



The city also receives support from other volunteers in the community. Mansfield's many special events are guided by volunteers, addressing needs in downtown revitalization, environmental concerns and community heritage. Volunteers also assist the city in providing services in the areas of animal care and control, library, parks and environmental services. The cooperative spirit generated by those willing to serve has inspired a new generation of Mansfield citizens to participate.

ECONOMIC DEVELOPMENT

In 2009, Mansfield's economic development focused on growing the city's local economy on two fronts: continued expansion in the areas of new commercial and industrial development and infrastructure improvement to assist businesses already calling the city home.

The Mansfield Economic Development Corporation approved a plan to assist with reconstruction of several streets in the Mansfield Industrial Park, and partnered with businesses in the industrial park on other improvements. The \$2.5 million in street reconstruction and water and sewer enhancements breathed new life into the area and



recent years enabled the city to see a continued increase in sales tax revenue in 2009, although at a slower rate than in previous years. With the city's five new hotels all now open, the city also saw increases in its hotel/motel tax collection, which was invested back into the community through organizations

sponsoring special events and historical preservation efforts designed to attract visitors to the community.

The city's profile as an attractive relocation site for business and industry was boosted by the efforts of the economic development department. Through specific marketing to developers across the country at trade shows, its enhanced

website and interactive media such as maps and demographic data and advertising in trade and real estate publications, the city continued to garner interest from developers, investors and corporate relocation professionals.



encouraged new business development.

The industrial park improvements were part of an overall \$60 million capital investment in Mansfield by the MEDC in 2009, which brought or retained more than 1,200 jobs.

The growth in Mansfield's retail development in

PLANNING SERVICES

Mansfield has earned its reputation as a well-planned community through innovative development standards, progressive landscaping and environmental guidelines and careful consideration to balance community needs with strong business decisions.

With the explosive growth of the last decade, the city's planning department has played a critical role in advising city leadership on the impact that growth has had on its land use policies and its goal toward building a high-quality community.

City planners work closely with developers to ensure quality residential and commercial development, maintaining a strict adherence to zoning and design guidelines even as development slows. In 2009, the city planning staff continued this practice, helping home builders as well as commercial developers meet those guidelines with an eye toward creating development that adheres to the city's land use plan and provides sustainable growth for the community.

Natural gas drilling activity remained an important focus of the planning department with



more than 400 wells approved by the City Council from 2007 to 2009. The staff monitored the drilling activity and its impact on existing and future development and guided amendments to the city's gas well drilling regulations.

With changes in the city's landscape due to increased residential and commercial development, the planning staff also worked closely with the GIS (Geographic Information System) staff to update Mansfield's mapping system to reflect new growth, as well as the zoning guidelines on undeveloped land. Accurate mapping enabled the City Council and staff to track active residential and commercial development and analyze future land use.



COMMUNITY SERVICES

The recognition of Mansfield as one of the best places to live in America is a reflection on the outstanding quality of life residents enjoy. From parks and recreation to its nationally-ranked library, Mansfield citizens have an opportunity to celebrate life daily by taking advantage of services that encourage community interaction and participation.

In 2009, the city's parks and recreation program continued to draw thousands of residents each year to athletic facilities, parks, trails and special events. More than 100,000 attended events at Big League Dreams Mansfield Sports Park, including 7,000 attendees at the city's



second annual July 4th fireworks event. More than 159,000 guests visited the city's water park, Hawaiian Falls. Outdoor concerts and family movies at the Town Park amphitheater, recreation classes at the Mansfield Activities Center and the hundreds of runners and walkers on the linear park trail each day illustrated the city's deep appreciation and affection for its parks system. And in 2009, the Mansfield Parks and Recreation Department was rewarded by being



named the Gold Medal Award winner as the best parks system in the state by the Texas Recreation and Parks Society

Having accomplished all the priorities from its 2002 master plan, park staff and city leaders began the process to update the plan and assess future needs. The Mansfield Public Library also began looking at the future, reevaluating its master plan with an emphasis on new economic challenges and changes in technology.

The library continues to serve as a focal point in Mansfield for literacy and continuing education, with more than 218,000 patron visits during 2009. The



library saw a four percent increase in the number of library cards issued and in computer usage as well as increases in attendance at special programs such as story times and Mansfield Reads!

PUBLIC WORKS

Strategic planning has played a critical role in infrastructure improvements in Mansfield and the Public Works Divisions has guided the progress of major improvements over the last 10 years.

The division, which includes engineering, streets and utility operations, focused on completing several key street projects in 2009, as well as the start of a major expansion of the city's water treatment plant.

The expansion and reconstruction of West Broad Street was completed in 2009, opening the west side



Water and sewer improvements included replacement of several water lines near Walnut Creek Drive and expansion of water lines in the southeast quadrant of Mansfield. The city also initiated a contract to provide water to portions of neighboring

Grand Prairie. These utility improvements were key to the continued growth of residential and commercial development in this area of the city.

Efforts by the city's Environmental Services Department expanded Mansfield's public education efforts in regards to



of the community to potential redevelopment opportunities. Design work was begun on a significant improvement project on U.S. Highway 287, which will improve traffic safety and flow in the busy Walnut Creek Drive and East Broad Street corridors.

clean water, household hazardous waste removal and water conservation. Staff also worked with local builders and developers to provide education and information on ways to use green building technology in the city.

PUBLIC SAFETY

The safety and security of Mansfield residents remains a top priority among staff and community leaders. The city's Public Safety Division encompasses the city's police, fire, animal care and control and municipal court departments as well as the jail operations.

In 2009, the Mansfield Police Department responded to more than 40,000 calls for service. In addition to providing protection for its growing residential population, the department also provided service to the city's growing daytime population as commercial and industrial areas of Mansfield expanded.

In an effort to provide more effective service to residents, Mansfield police increased its training efforts and expanded communications and public education. An expanded web site offered information on crime prevention and safety and provided detailed statistics tied to geographical mapping. The department's award-winning website tracking sex offenders in the city was accessed by thousands of residents in 2009.



The Mansfield Fire Department opened the city's fourth fire station in 2009, offering a faster response to residents in the northwest quadrant of the



city. The department also added two state-of-the-art emergency medical units to its EMS services fleet and trained additional staff for the new station. The



department responded to more than 42,000 calls for service in 2009.

Both the police and fire departments worked to integrate the city's new CAD (computer aided dispatch) system into its operations. The system allowed the departments to respond efficiently to calls, exchanging critical information in emergency situations.

In 2009, the Mansfield Law Enforcement Center provided jail services to not only the City of Mansfield, but to the City of Fort Worth as part of a 10-year contract.

DEVELOPMENT SERVICES

Residential development continued to slow throughout the region, with Mansfield reporting 226 single-family permits in 2009 and 563 total residential units built in the city during the year. The city's Building Services Department directed many of its efforts on ensuring quality construction not only on new development but in existing structures throughout the city.



Staff began working on technology enhancements in both the building inspection and code compliance operations, improving customer service and providing staff in the field with the tools necessary to streamline the inspection process on new and existing development.

Public education also was a focal point of the department's efforts as code compliance officers worked with homeowners, business owners, realtors and financial institutions to improve properties and

protect neighborhoods.

The staff also provided assistance with in revitalizing older areas of the city, specifically in the historic downtown area.

Building officials and inspectors prepared updates to the city's building codes and ordinances for the city council, taking specific steps to encourage environmentally friendly construction. They also worked on revisions to the city's smoking ordinance, developing a plan to assist local restaurants in complying with new regulations.



FINANCIAL OVERVIEW

The City of Mansfield's financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the city's finances, in a manner similar to a private business. This brief overview concentrates on the government-wide financial statements only. A more comprehensive analysis and narrative about the fund financial statements and the notes to the financial statements are included in the city's Comprehensive Annual Financial Report (see Page 12 for availability).

The government-wide financial statements distinguish functions of the city supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover their costs through user fees and charges (business-type activities).

- The governmental activities include general government, public safety, public works and cultural and recreational activities.
- The business-type services include water and sewer, the law enforcement center and drainage services.

The government-wide financial statements include not only the City of Mansfield itself (known as the primary government), but also a legally separate Mansfield Economic Development Corporation (MEDC) for which the city is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government. The Mansfield Property Finance Authority and the Mansfield Park Facilities Development Corporation (MPFDC), although legally separate, function for all practical purposes as departments of the city and have been included as an integral part of the primary government.

City of Mansfield Financial Highlights

Statement of Net Assets

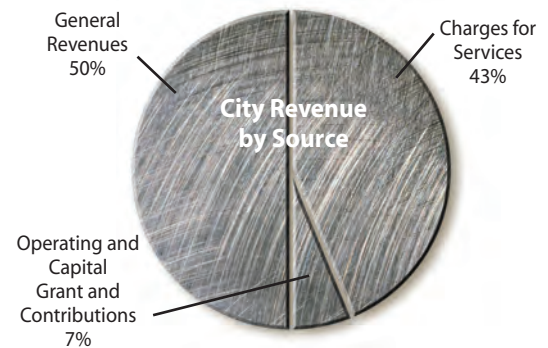
The statement of net assets presents information on all of the city's assets and liabilities, with the difference

between the two as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the city is improving or deteriorating. For fiscal year 2009, the city's assets exceeded its liabilities by \$354,714,039 (net assets). This increased by \$7,890,167 from the fiscal year 2008 net asset position.

Statement of Net Assets (FY 2009)		
Millions of Dollars		
547.52	Assets	
192.81	Liabilities	
354.71	Net Assets	

Statement of Activities

The Statement of Activities reflects the total revenues generated and entire costs of operating the services of the city. The Statement of Activities for the



fiscal year ending September 30, 2009 reports total revenues of \$88,566,478 and total operating expenses of \$80,676,311.

City revenues consist of program revenues and general revenues. Program revenues are charges for services, as well as operating and capital contributions and grants for a specific operating activity (i.e. water and sewer, public works). General revenues are property taxes, other taxes (i.e. sales tax and franchise tax), investment earnings, and the gain on the sale of capital assets. Operating expenses include the day-to-day expense of operating the city.

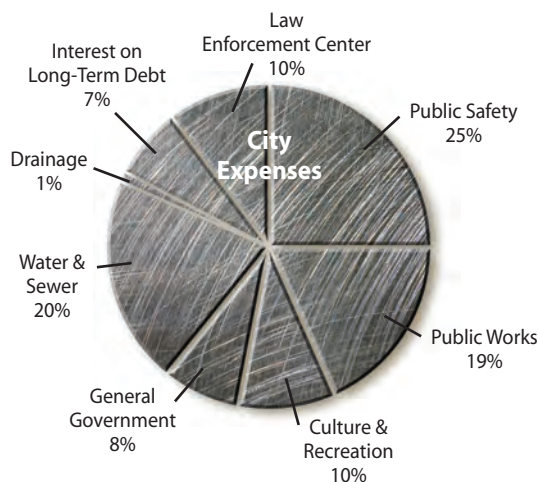


City Revenue by Source

City Expenses

Governmental and Business-Type Activities

Individually within the City of Mansfield Financial Statements, governmental activities and business-type activities are reported separately and independently. The



two activities are separated because of the nature of their operating activities and the funding of their activities.

Governmental Activities

Statement of Net Assets- Government Activities

Millions of Dollars

358.78	Assets
124.84	Liabilities
233.94	Net Assets

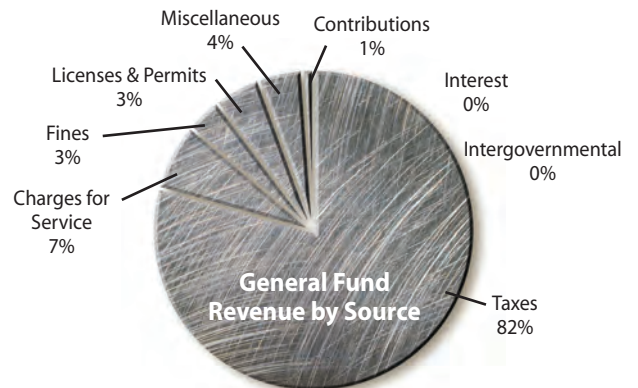
Statement of Net Assets

The Net Assets for the governmental activities increased \$1,984,636 in fiscal year 2009. The primary reasons for the increase are the efficient management of operating expenses and an increase in property valuations.

Statement of Activities

General Fund Operating Revenues

The city's general fund revenues increased when compared to the prior year by 13.11 percent or \$4.280



million. The main reason for this increase was the value of new construction and real property within the City of Mansfield. The overall assessed value of the property in the city increased by \$267 million or 7 percent as compared to the prior year.

Additionally, sales tax revenue increase by .54 percent or \$37,775 compared to the prior fiscal year. Per Capita Sales Tax has increased approximately \$30 over the past several years. This is the approximate equivalent of 25 percent of the annual average tax rate over the past

Historical Review of City's Property Tax Rate

2001	\$0.73
2002	\$0.71
2003	\$0.71
2004	\$0.71
2005	\$0.71
2006	\$0.69
2007	\$0.69
2008	\$0.69
2009	\$0.71

Historical Review of City's Assessed Property Value

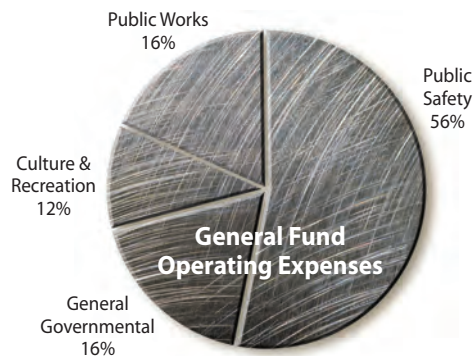
Billions of Dollars

2001	1.44
2002	1.69
2003	2.00
2004	2.34
2005	2.68
2006	3.04
2007	3.31
2008	3.83
2009	4.09

several years. The increase in sales tax is attributed to the addition of new retail businesses within the city.

General Fund Operating Expenses

Historically over the past 10 years personnel costs have averaged approximately 70 percent of the general funds operating budget while the remaining 30 percent have been expensed for other operating costs (i.e. utilities). Per Capita, on average over the past seven years, for every 1,000 Citizens the city has employed approximately 0.6 full-time employees.



Statement of Business-Type Activities

The city has three primary business-type activities: Water & Sewer Fund, Law Enforcement Center and a Drainage Fund.

Overall revenues of the city's business-type activities were \$32.32 million for the fiscal year ending September 30, 2009. Expenses for the city's business-type activities were \$26.41 million for the year, resulting in an increase in nets assets of \$5.91 million.

Government-Wide Debt Administration

At the end of the current fiscal year, the City of Mansfield had total bonded debt outstanding of \$180,910,000. Of this amount, \$105,585,000 comprises debt backed by the full faith and credit of the government and \$14,780,000 is revenue debt supported

by a sales or transit tax. The remainder of the city's debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

The City of Mansfield's total debt increased by \$32.71 million or 22.07 percent during the current fiscal year. The key factors in this increase were a \$15.44 million tax backed obligation bonds issuance for street

Government-wide Debt Administration

Millions of Dollars

106.08	General Obligation Bonds
14.78	Sales Tax Bonds
60.54	Revenue Bonds

improvements. Also, the city issued \$26.19 million in Revenue Bonds to finance the construction and equipping of facility improvements.

The city maintains bond ratings from three investment houses:

Underlying Ratings

Company	General Fund Bonds	Water & Sewer Revenue Bonds	Sales Tax Revenue Bonds	Drainage Revenue Bonds
Moody's	"Aa3"	"A1"	"A1"	"A1"
Standard & Poor's	"AA"	"AA-"	"A"	"A"
Fitch	"AA-"	"AA-"	"A+"	"A+"

Requests for Information

As management of the City of Mansfield, Texas we offer readers of the City of Mansfield's financial statements this narrative overview and analysis of the financial activities of the City of Mansfield for the fiscal year ended September 30, 2009. This information is not intended to be a complete statement of the City's Financial Condition. We recommend and encourage readers to consider this information as excerpts from the City of Mansfield, Texas Comprehensive Annual Financial Report. A copy of the City of Mansfield, Texas Comprehensive Annual Financial Report may be obtained at 1200 E. Broad Street, Mansfield, Texas 76063.



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